

Message Text

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ACTION EUR-12

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E.O. 11652: N/A
TAGS: ECON, ELAB, CA
SUBJECT: GOC MEETS WITH LABOR AND BUSINESS LEADERS

1. BEGIN SUMMARY. SENIOR BUSINESS EXECUTIVES AND CLC LEADERS, AFTER REACHING UNDERSTANDING BETWEEN THEMSELVES, MET MARCH 22 WITH PRIME MINISTER, FINMIN MACDONALD AND LABOR MINISTER MUNRO TO URGE THAT ALL CONTROLS BE ENDED AT AN EARLY DATE; AND THAT REGULAR JOINT CONSULTATIONS WITH LABOR AND BUSINESS BE INSTITUTED. END SUMMARY.

2. DURING PAST WEEKEND, CANADIAN LABOUR CONGRESS (CLC) PRESIDENT MORRIS; EXECUTIVE VICE-PRESIDENTS JULIEN MAJOR AND SHIRLEY CARR; AND NATIONAL UNITED STEELWORKERS DIRECTOR WILLIAM MAHONEY, MET PRIVATELY WITH IAN BARCLAY, CHAIRMAN OF SIMPSON'S-SEARS; PAUL DESMARAIS, CHAIRMAN OF POWER CORPORATION; AND ALFRED POWIS, PRESIDENT OF NORANDA MINES LIMITED TO COMPARE VIEWS ON THE ECONOMY AND ON WAYS TO IMPROVE DIALOGUE AMONG THEMSELVES. ACCORDING TO CLC SOURCES, MEETING WITH EMPLOYERS REFLECTED WIDE AREAS OF AGREEMENT. BOTH SIDES FELT THAT INVESTMENT, INFLATION AND UNEMPLOYMENT DESERVE PRIORITY ATTENTION. UNDER
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AUSPICES OF "BUSINESS COUNCIL ON NATIONAL ISSUES" (BCNI COMPOSED OF ABOUT 75 CHIEF EXECUTIVE OFFICERS OF MAJOR CORPORATIONS WAS FOUNDED 18 MONTHS AGO PRIMARILY TO CONDUCT DIALOGUE WITH GOC ON ISSUES OF NATIONAL ECONOMIC CONCERNS) SENIOR EXECUTIVES AGREED TO MEET REGULARLY WITH TOP CLC OFFICIALS REGARDLESS OF WHETHER GOC PARTICIPATES OR NOT. NEXT MEETING SCHEDULED FOR APRIL 26. FURTHERMORE,

CLC SOURCE STATED, BUSINESS EXECUTIVES ARE NOW AGREEABLE TO ESTABLISHMENT OF TRIPARTITE COUNCIL ALONG WITH GOVERNMENT AND LABOR THAT WOULD SERVE AS CONSULTATIVE BODY ON SOCIAL AND ECONOMIC ISSUES. BOTH SIDES OPPOSED EXPANDING SUCH A COUNCIL INTO MULTIPARTITE BODY (AS GOC WOULD PREFER) BUT WOULD NOT OPPOSE PROVINCIAL GOVERNMENTS SITTING WITH GOC REPRESENTATIVES. AGREEMENT WAS ALSO REACHED THAT ALL CONTROLS INCLUDING PUBLIC SECTOR SHOULD BE LIFTED AS EARLY AS POSSIBLE.

3. A SIGNIFICANT OUTGROWTH OF THE MEETING WAS A DECISION TO REQUEST A JOINT MEETING WITH THE PRIME MINISTER (THE FIRST SUCH MEETING) WHICH TOOK PLACE MARCH 22. BUSINESS AND LABOR REPRESENTATIVES URGED GOC TO INCLUDE NO MEASURES IN THE BUDGET THAT WOULD PRECLUDE AN EARLY END TO CONTROLS OR WOULD MAKE IT DIFFICULT TO ALTER POLICIES WITH REGARD TO INVESTMENT, UNEMPLOYMENT AND OTHER CURRENT ECONOMIC PROBLEMS. BUSINESS AND LABOR REPS ALSO TOLD GOC THAT THEY WOULD PREFER TRIPARTITE CONSULTATIONS IN THE FUTURE (IN CONTRAST TO SEPARATE MEETINGS WITH GOC) THAT WOULD LEAD TO INSTITUTIONALIZED MECHANISM. CLC EXECUTIVE VICE-PRESIDENT CARR, WHO ATTENDED MEETING, TOLD US THAT BUSINESS AND LABOR LEADERS TOLD PRIME MINISTER THAT ENDING CONTROLS WOULD INCREASE INVESTMENT AND EMPLOYMENT NOT REFUEL INFLATION ALTHOUGH THERE WILL BE SOME MINOR CORRECTION OF DISTORTIONS.

4. ACCORDING PRESS ACCOUNTS, FINMIN MACDONALD TOLD REPORTERS AFTER MARCH 22 MEETING THAT IT WAS "HISTORIC LIMITED OFFICIAL USE

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MOMENT" SINCE THIS WAS FIRST TIME THAT THERE WAS BROAD AGREEMENT BETWEEN BUSINESS AND LABOR. ASKED IF MEETING WOULD CHANGE HIS MARCH 31 BUDGET PRESENTATION, MACDONALD REPORTEDLY SAID THAT "THERE WOULD BE CHANGE IN EMPHASIS RATHER THAN OF SUBSTANCE", BUT HE GAVE NO FURTHER DETAILS. ON QUESTION OF ENDING CONTROLS, MACDONALD SAID THAT HE WOULD HAVE TO CONSIDER BUSINESS-LABOR PROPOSALS IN CONJUNCTION WITH REPRESENTATIONS BY OTHER GROUPS INCLUDING PROVINCIAL AUTHORITIES. NO TRANSCRIPT OF MACDONALD'S REMARKS IS AVAILABLE.

5. ACCORDING TO ONE BUSINESS PARTICIPANT, LABOR PARTICIPANTS PLEDGED "RESTRAINTS" ON WAGE INCREASES WHEN CONTROLS COME OFF. BUT TERM WAS WHOLLY UNDEFINED. GROUP EXPECTS TO MEET AGAIN THIS MONTH TO TRY TO HARDEN THIS ASPECT.

6. CLC LEADERS, WHO HAVE MET SEVERAL TIMES WITH LOWER-LEVEL BUSINESS REPRESENTATIVES, WERE HIGHLY PLEASED WITH

THE OUTCOME OF THEIR DISCUSSIONS WITH THESE SENIOR BUSINESS EXECUTIVES AND APPEAR QUITE PREPARED TO ENTER, ALONG WITH BUSINESS, INTO AN EFFECTIVE DIALOGUE WITH THE GOC WITHOUT INSISTING ON THEIR EARLIER DEMAND FOR TRIPARTITE POWER SHARING. AGREEING TO MEET GOVERNMENT JOINTLY WITH ORGANIZED LABOR REPRESENTS A CHANGE OF POSITION FOR BUSINESS IN VIEW OF ITS EARLIER REFUSAL TO GRANT SUCH POWER AND PRESTIGE TO THE CLC. IT IS NOW CLEARLY UP TO GOC WHETHER OR NOT TO INSTITUTE A PROCEDURE FOR TRIPARTITE CONSULTATION. ENDERS

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